

Loftus Peak Global Change Managed Portfolio

Performance Report as at 30 September 2020



Investment objective & strategy

The Loftus Peak Global Change Managed Portfolio aims to deliver a return over the MSCI ACWI (net) (as expressed in AUD from Bloomberg), over the medium to long term by bringing a disciplined investment process to listed global companies impacted by change.

Technology is changing the world, with the leap now analogous to that which took place during the industrial revolution. Over the past 20 years, technology and innovation have changed the face of major share markets globally. The Portfolio will attempt to harvest return from this thematic.

The Portfolio offers investors the opportunity to potentially profit from the rapid, exponential growth in innovation. The Portfolio follows a long-only strategy that will result typically in 10-35 investments. It will also be able to move to around 50% cash from time to time, when the share market is judged to be overvalued.



Loftus Peak

The Loftus Peak Global Change Managed Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

Portfolio performance as at 30 September 2020¹

	1mth (%)	3 mths (%)	1yr (%)	3yr (%)	Annualised Since incep (%pa)
Portfolio	-0.35%	10.23%	40.06%	22.28%	20.37%
Benchmark	-0.27%	3.89%	3.93%	10.36%	11.33%
Excess Return	-0.08%	6.34%	36.13%	11.92%	9.04%

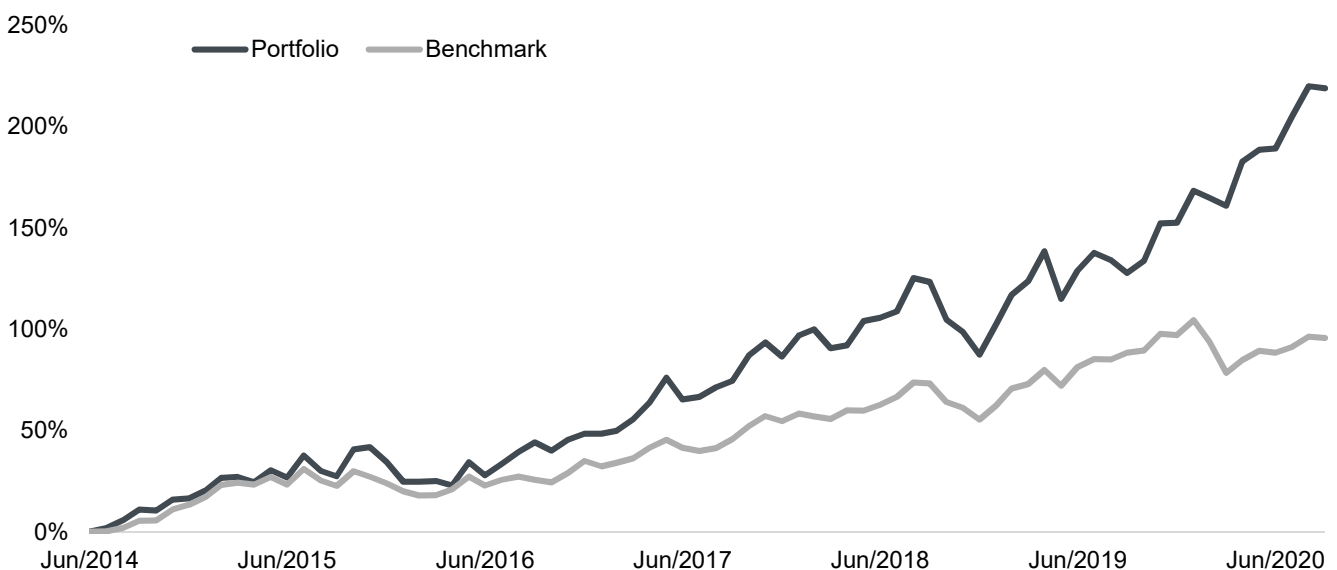
Top 5 Holdings

		%
XLNX	Xilinx	9.4%
QCOM	Qualcomm	9.2%
AMZN	Amazon	8.1%
AAPL	Apple	7.4%
700	Tencent	7.0%

Past performance is not a reliable indicator of future performance.

The Portfolio's benchmark is MSCI ACWI (net) (as expressed in AUD from Bloomberg). All information provided in this Report is correct at the date of this report but without independent verification. Portfolio returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 30 June 2014. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Each client should also take into account their own taxation situations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Performance since inception



Portfolio and market returns

Following the strong June quarter, the portfolio delivered a net-of-fees return of +10.2% in the three months to 30 September, outperforming the benchmark MSCI All Countries World Index (net) in Australian dollars by +6.3%.

The performance was driven by the Covid-19 induced acceleration of trends such as contactless delivery of food and groceries, telecommuting (through Zoom, Teams etc) and home entertainment (more Netflix subscriptions, less movie-going).

Many business-critical elements related to these trends remain in play. For example, the need for faster telecommunications enabled by 5G comes at a time when US-China trade relations are at a very low ebb. The result was the removal by the Trump administration of Huawei (in many markets) by choking off the supply of critical chips to the company from Nvidia, Xilinx and even TSMC; all important investments that the portfolio holds.

Huawei's loss was a gain for Qualcomm (which contributed +1.6% to performance) and Nvidia (+1.1%) - these companies (along with Roku - +2.0%) produced the highest contribution to return in the quarter. Even the worst of the laggards created only a drag of -0.2% to performance.

Although some companies have gone through the upper end of our valuation range, and have been sold (such as Tesla) there remain pockets of value to which we have been selectively adding, such as Roku, Amazon and Xilinx. The latter two are strong players in the provision of accelerated delivery of data - Google now answers 67k queries per second, impractical and uneconomic using only traditional datacentre tools. Indeed, the cloud and datacentre have penetrated most aspects of our lives, including banking, shopping, commuting.

Key Features

Investment universe	Listed global equities, exchange traded funds and cash.
Benchmark	MSCI All Country World Index (net) (\$A)
Number of investments	10-35
Min cash weighting	2%
Max equity weighting	98%
Max individual security weights	20% (at purchase)
Rebalancing	Investment Sub-Adviser discretion
Min investment	A\$50,000
Suggested timeframe	5 years

Portfolio management: Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the advice of Loftus Peak as the Investment Sub-adviser.

More information: Further information about the Portfolio, including fees and costs, is outlined in the Loftus Peak Global Change Managed Portfolio Investment Mandate.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for advisers and their clients. Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

About Loftus Peak

Loftus Peak is a bottom-up stock investor that seeks to deliver absolute returns over the medium to long term. Loftus Peak is a corporate authorised representative of Eight Investment Partners Pty Limited.

Contact

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